GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

W.R(Project.II) Department – Poola Subbaiah Veligonda Project – Package-1 - Construction of tunnel-I including Construction of Head Regulator and approach channel of Poola Subbaiah Veligonda Project in Prakasam District including allied works - Variation in Foreign Exchange Rates and Price Escalation for Electrical power component – Orders – Issued.

Water Resources [Project-II] DEPARTMENT

G.O.RT.No. 647 **Dated:03-10-2015**

Read:

From the CE, (P), Ongole, Lr. No. CE (P) / OGL / DEE2 / AEE1 / 21 / 2006 / VGP/P-D1 /Vol.6, dt.18-11-2014, 04-2015 and

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ORDER:

In the reference read above, the Chief Engineer, (P),Ongole has reported that the subject work of Package-I was entrusted to M/s Sabir, SEW & Prasad (JV), Hyderabad under EPC Turnkey System vide Superintending Engineer, Construction Circle, Ongole Agt.No.3 VGP / 2005-06, Dt:20.08.2005 for an amount of Rs. 624.60 crores with a stipulated completion period of 3 years. The agency reported that while the agreement envisaged for development of two TBMs from both ends of the Tunnel, second TBM could not be launched due to restrictions imposed by the MOEF authorities , which denied permission for open blasting operation required for preparation of entrance portal and road facility to transport heavy TBM parts to site . With this reason, the working period got doubled and extended by another three years. During execution, the Agency represented for consideration of price escalations and some event based compensations stating their inability to sustain the work on account of negative cash flows due to cost overruns in the extended periods of execution.

2. The Chief Engineer (Projects), Ongole opined that, the reasons for delays in execution of the project are, 1) Delay in receiving 1st stage MOEF clearance for about 3 years, 2). Rescue operations lasting 1 year 4 months after geological accident, 3). Limitations of TBM technology in handling different rock formations etc which are beyond the control of the Agency. The Chief Engineer recommended that the compensations sought by the Agency was placed before the SLSC for consideration, in view of the special nature of work and the delay caused due to reasons not attributable to the agency.

3. The SLSC in meetings held on 26-03-2015 discussed the proposals in detail and recommended to the Government to consider the variation in foreign exchange rates and price escalation for electrical power consumption as part of fuel escalation.

4. The High Power Committee in its meeting held on 11-06-2015 discussed the proposals in detail, based on the recommendation of State Level Standing Committee and in view of the special nature of the work, and recommended to Government to consider the variation in foreign exchange rates for the work done after 1-5-2015 and the power charges would be counted as fuel in addition to POL in so far as fuel escalation is concerned, and paid to concerned Power Distribution Corporation and arrears would be adjusted towards power consumption for ongoing works.

5. Government after careful examination of the proposal and based on the recommendations of the SLSC and High Power Committee, in view of the special nature of the work, hereby consider to pay the variation in foreign exchange rates for the work done after 1-5-2015 and also power charges would be counted as fuel in addition to POL in so far as fuel escalation is concerned, and arrears towards power charges would be paid to concerned Power Distribution Corporation in the subject work which would be adjusted towards the power charges for ongoing works.

(P.T.O)

6. The Chief Engineer, (P), Ongole, shall take necessary action duly following the guidelines issued by Government from time to time.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ADITYA NATH DAS
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Chief Engineer, (P), Ongole

Copy to:
P.S to Secretary to CM
OSD to Minister (WRD)
P.S. to Prl. Secretary (AD)
SF/SC

// FORWARDED :: BY ORDER//

SECTION OFFICER